

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS) (collectively, the United States), and St. Vincent Healthcare (St. Vincent) and Holy Rosary Healthcare (Holy Rosary) (collectively, the Hospitals) (hereafter all collectively referred to as the Parties), through their authorized representatives.

RECITALS

A. St. Vincent is a licensed hospital located in Billings, Montana. Holy Rosary is a licensed hospital located in Miles City, Montana. Throughout the time period relevant to this Agreement, the Hospitals regularly submitted claims for payment to the Medicare Program (Medicare), Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395hhh, pursuant to a reimbursement agreement between the Hospitals and HHS.

B. The conduct described in the following subparagraphs is hereinafter referred to as the “Covered Conduct”:

i. Employed Physician Conduct. In November 2009, the Hospitals made a self-disclosure to the U.S. Attorney’s Office for the District of Montana. In that disclosure and supplemental written disclosures, the Hospitals disclosed that between July 1, 2003, and December 31, 2009, the Hospitals paid certain employed physicians incentive compensation that was based, in part, on the volume or value of referrals made by those physicians to the Hospitals in violation of the Physician Self-Referral Law, 42 U.S.C. § 1395nn (Stark Law). St. Vincent further verbally disclosed to the U.S. Attorney’s Office for the District of Montana that one of the previously disclosed employed physicians received similar incentive compensation between

January 1, 2010 and December 31, 2010. The Hospitals further disclosed that they sought and received reimbursement from the Medicare Program pursuant to the referrals by the employed physicians. Attachment A identifies the employed physicians and time periods disclosed by the Hospitals.

ii. Independent Physician Conduct. In a supplemental written disclosure dated July 22, 2011, the Hospitals identified 42 arrangements with independent physicians or physician groups that potentially violated the Stark Law. This subparagraph covers the arrangements identified on Attachment B for the categories of conduct as disclosed by the Hospitals' July 22, 2011, supplemental written disclosure. Attachment B identifies the independent physicians or physician groups and the arrangements disclosed by the Hospitals in that disclosure. This subparagraph also covers the arrangements identified in Attachment C as well as conduct that may have involved violations of the Stark Law relating to any other arrangements between the Hospitals and independent physicians and physician groups in effect at any time between January 1, 2004 and December 31, 2010, except for violations of fair market value or commercial reasonableness as defined by the Stark Law and the regulations promulgated pursuant thereto, or that vary with or take into account the value or volume of referrals by physicians.

C. The United States contends that it has certain civil and administrative claims, as specified in Paragraphs 2 and 3 below, against the Hospitals for engaging in the Covered Conduct. While the Hospitals do not contest liability under the Stark Law, this Settlement Agreement is neither an admission of liability by the Hospitals with respect to liability under the False Claims Act nor a concession by the United States that its claims are not well-founded. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above

claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree as follows:

TERMS AND CONDITIONS

1. The Hospitals shall pay to the United States \$3,950,000 (the Settlement Amount), plus interest at a rate of 1.375% per annum from November 8, 2012, and continuing until and including the day before payment is made under this Agreement, by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the District of Montana no later than ten (10) days after the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraph 4 (concerning excluded claims) below, and conditioned upon the Hospitals' full payment of the Settlement Amount, the United States releases the Hospitals, together with their current and former parent corporations, direct and indirect subsidiaries, divisions, and affiliates, and their successors and assigns, as well as the Hospitals' officers, directors, employees, and agents, from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the civil monetary penalty provisions of the Stark Law, 42 U.S.C. §§ 1395nn(g) (3) and (4), and the common law theories of payment by mistake, unjust enrichment, and fraud.

3. In consideration of the Hospitals' self-disclosure of this matter and the obligations of the Hospitals in this Agreement, including full payment of the Settlement Amount, the OIG-HHS agrees to release and refrain from instituting, directing, or maintaining any administrative action seeking exclusion from Medicare, Medicaid, and other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against the Hospitals under 42 U.S.C. § 1320a-7a (Civil

Monetary Penalties Law), the civil monetary penalty provisions of the Stark Law, 42 U.S.C. § 1395nn(g)(3), or 42 U.S.C. § 1320a-7(b)(7) (permissive exclusion for fraud, kickbacks, and other prohibited activities) for the Covered Conduct, except as reserved in Paragraph 4 (concerning excluded claims), below, and as reserved in this Paragraph. The OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude the Hospitals from Medicare, Medicaid, and other Federal health care programs under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) based upon the Covered Conduct. Nothing in this Paragraph precludes the OIG-HHS from taking action against entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 4, below.

4. Notwithstanding the releases given in paragraphs 2 and 3 of this Agreement, or any other term of this Agreement, the following claims of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusion from Federal health care programs;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;

- g. Any liability for failure to deliver goods or services due;
- h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct; and
- i. Any liability of individuals (including current or former directors, officers, or employees of the Hospitals) who receive written notification that they are the target of a criminal investigation (as defined in the United States Attorneys' Manual), are indicted or charged, or who enter into a plea agreement, related to the Covered Conduct.

5. The Hospitals waive and shall not assert any defenses the Hospitals may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

6. The Hospitals fully and finally release the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that the Hospitals have asserted, could have asserted, or may assert in the future against the United States, and its agencies, employees, servants, and agents, related to the Covered Conduct and the United States' investigation and prosecution thereof.

7. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare contractor (e.g., Medicare Administrative Contractor, fiscal intermediary, carrier) or any state payer, related to the Covered Conduct; and the Hospitals agree not to resubmit to any Medicare contractor or any state payer any previously denied claims related to the Covered Conduct, and agree not to appeal any such denials of claims.

8. The Hospitals agree to the following:

a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395kkk-1 and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of the Hospitals, their present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) the Hospitals' investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);
- (4) the negotiation and performance of this Agreement; and
- (5) the payment the Hospitals make to the United States pursuant to this Agreement.

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for in non-reimbursable cost centers by the Hospitals, and the Hospitals shall not charge such Unallowable Costs directly or indirectly to any contracts with the United States, or any State Medicaid program, or seek payment for such Unallowable Costs through any cost report, cost statement, information statement, or payment request submitted by the Hospitals or any of its subsidiaries or affiliates to the Medicare Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: The Hospitals further agree that within 90 days of the Effective Date of this Agreement they shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid and FEHBP fiscal agents any Unallowable Costs (as defined in this Paragraph) included in payments previously sought from the United States, or any State Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by the Hospitals or any of its subsidiaries or affiliates, and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the unallowable costs. The Hospitals agree that the United States, at a minimum, shall be entitled to recoup from the Hospitals any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted cost reports, information reports, cost statements, or requests for payment.

Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by the Hospitals or

any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this Paragraph) on the Hospitals or any of its subsidiaries or affiliates' cost reports, cost statements, or information reports.

d. Nothing in this Agreement shall constitute a waiver of the rights of the United States to audit, examine, or re-examine the Hospitals' books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

9. The Hospitals agree to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, the Hospitals shall encourage, and agree not to impair, the cooperation of its directors, officers, and employees, and shall use their best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. The Hospitals further agree to furnish to the United States, upon request, complete and unredacted copies of all non-privileged documents, reports, memoranda of interviews, and records in their possession, custody, or control concerning any investigation of the Covered Conduct that they have undertaken, or that have been performed by another on their behalf.

10. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 11 below.

11. The Hospitals agree that they waive and shall not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as Covered Conduct.

12. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

13. Each party and signatory to this Agreement represents that it freely and voluntarily enters in to this Agreement without any degree of duress or compulsion.

14. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of Montana. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

15. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

16. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

17. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.


18. This Agreement is binding on the Hospitals' successors, transferees, heirs, and assigns.

19. All parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.


20. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

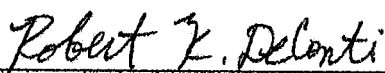
DATED: 4/30/13

BY: 
SHAUN M. PETTIGREW
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATE: 4/25/13

BY: 
JESSICA T. FEHR
Assistant United States Attorney
District of Montana
United States Federal Courthouse
2601 2nd Ave. N., Box 3200
Billings, MT 59101

DATED: 4/29/13


BY: 
ROBERT K. DECONTI
Assistant Inspector General for Legal Affairs
Office of Inspector General
U.S. Department of Health and Human Services

ST. VINCENT HEALTHCARE

DATED: 4/23/13


BY: 
JASON L. BARKER
Chief Executive Officer

DATED: 4/24/13

BY: 
CURT J. CHASE
Husch Blackwell LLP
Counsel for St. Vincent Healthcare

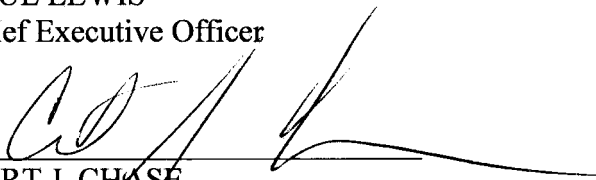
HOLY ROSARY HEALTHCARE

DATED: 01/19/13

BY: 

PAUL LEWIS
Chief Executive Officer

DATED: 4/24/13

BY: 

CURT J. CHASE
Husch Blackwell LLP
Counsel for Holy Rosary Healthcare

**ATTACHMENT A
COVERED EMPLOYED PHYSICIANS AND DATES**

#	Physician	Relevant Dates
1	Anderson, Richard D.	1/1/2004 - 6/30/2009
2	Anderson, William H.	1/1/2004 - 7/16/2007
3	Apostol, Joseph	1/1/2007 - 12/31/2008
4	Beijer, Kerstin A.	1/1/2004 - 6/30/2008
5	Bentler, James	7/1/2003 - 11/8/2008
6	Bethel, Adrian	9/22/2008 - 5/6/2009
7	Billin, Aaron R.	1/1/2004 - 7/11/2007
8	Blossom, Mark E.	5/1/2004 - 6/30/2009
9	Boslough, James	7/1/2003 - 11/8/2008
10	Brennan, Michael	7/1/2004 - 5/31/2005
11	Bryan, B Morrison III	7/1/2007 - 6/30/2009
12	Buchan, James Evan	7/1/2003 - 11/8/2008
13	Bullman, Jon M.	1/1/2004 - 6/30/2009
14	Busch, Byron J.	1/1/2004 - 6/30/2007
15	Bush, Michael	7/1/2003 - 11/8/2008
16	Codiga, Michael A.	7/1/2006 - 6/30/2009
17	Cook, Cheryl	1/1/2004 - 12/31/2010
18	Davis, John	7/1/2006 - 7/22/2008
19	Dean, Bonnie Z.	1/1/2004 - 6/30/2009
20	Dennis, Terry	7/1/2007 - 6/30/2009
21	Dernbach, Timothy	11/1/2004 - 12/31/2009
22	Eaton, Charlotta	8/1/2006 - 6/30/2009
23	Fishburn, Amy M.	1/1/2004 - 6/30/2009
24	Fitzgerald, Jason	8/1/2009 - 12/31/2009
25	Forseth, Lori A.	4/1/2005 - 6/30/2009
26	Foster, John	1/1/2009 - 6/30/2009
27	Fouts, Thomas B.	1/1/2008 - 6/30/2009
28	Freitag, Corby	1/1/2004 - 11/8/2008
29	Fuller, Bradley D.	1/1/2004 - 6/30/2009
30	Gerbasi, Paolo F.	1/1/2004 - 6/30/2009
31	Gobin, Mark R.	1/1/2004 - 6/30/2009
32	Goodman, Stuart	9/1/2006 - 12/31/2009
33	Gray, Jimmy	12/15/2004 - 2/1/2007
34	Greimann, Carolyn S.	1/1/2004 - 6/30/2009
35	Hagan, Michael C.	1/1/2004 - 6/30/2009
36	Hager, Dwight	1/1/2005 - 6/30/2009
37	Hartley, Belinda	1/1/2004 - 6/30/2009

38	Hugelen, Julie A.	1/1/2004 - 6/1/2008
39	Johnson, David F.	1/1/2004 - 6/30/2009
40	Johnson, Jeffrey S.	1/1/2004 - 6/30/2009
41	Kadri, Abdulmajeed	1/1/2004 - 6/30/2009
42	Kadri, Kathie	1/1/2004 - 6/30/2009
43	Kirkland, Brenda	7/1/2005 - 6/30/2009
44	Kominsky, John	7/1/2003 - 11/8/2008
45	Lahaie, Patricia A.	1/1/2004 - 6/30/2009
46	LaVeau, Paul	7/1/2004 - 5/31/2005
47	Lewis, Daniel	7/23/2007 - 11/8/2008
48	Maheras, Joseph C.	1/1/2004 - 8/1/2005
49	Malody, Lisa	4/1/2009 - 6/30/2009
50	Malters, Deborah	1/1/2004 - 6/30/2009
51	Malters, Edward C.	1/1/2004 - 6/30/2009
52	McClave, Charles R.	1/1/2004 - 6/30/2009
53	McCrea, Kevin G.	1/1/2004 - 6/30/2009
54	Metzger, Michael E.	1/1/2004 - 11/24/2008
55	Meyer, Yves	9/1/2006 - 8/31/2007
56	Michels, Frank C.	1/1/2004 - 6/30/2009
57	Morissette, Kirsten	4/1/2008 - 6/30/2009
58	Nelson, Sheldon	7/1/2003 - 11/8/2008
59	Nichols, Robert J.	1/1/2004 - 6/30/2009
60	Ostahowski, Gary A.	1/1/2004 - 6/30/2009
61	Paczkowski, Samuel	7/1/2007 - 11/8/2008
62	Parker, Douglas	7/1/2003 - 11/8/2008
63	Petersen, Susan J.	1/1/2004 - 6/30/2009
64	Pullen, Rickie L.	7/7/2008 - 10/21/2008
65	Ragar, Todd J.	10/1/2005 - 6/30/2009
66	Replogle, Robert	8/1/2006 - 7/31/2007
67	Rodriguez, Edwin J.	10/1/2007 - 6/30/2009
68	Rudolph, Justen	1/1/2008 - 6/30/2009
69	Schiffert, Martin G.	1/1/2004 - 6/30/2009
70	Sears, Scott	10/1/2004 - 6/30/2009
71	Seas, Erica L.	4/1/2009 - 6/30/2009
72	Shaub, Stephen R.	1/1/2004 - 6/30/2009
73	Slight, Kim L.	1/1/2004 - 5/31/2008
74	Sorensen, Neal B.	1/1/2004 - 6/30/2009
75	Splitter, William	1/1/2004 - 12/31/2005
76	Stanley, Merrill S.	1/1/2004 - 12/31/2007
77	Tailleur, Daniel	2/19/2006 - 2/28/2009
78	Tek, Deniz	3/1/2006 - 11/8/2008

79	Theade, Kathi	7/1/2003 - 11/8/2008
80	Thigpen, Thomas P.	1/1/2004 - 6/30/2009
81	Trevino, Carlos	1/1/2004 - 8/20/2005
82	Ulrich, Robert C.	1/1/2004 - 6/30/2009
83	Vanmarel, Douglas	2/24/2005 - 6/12/2009
84	Wickstrom, Glenda C.	1/1/2004 - 6/26/2007
85	Winton, Barry	11/1/2004 - 12/31/2009
86	Zavala, Jeffrey S.	1/1/2004 - 12/31/2008

ATTACHMENT B
INDEPENDENT PHYSICIANS AND PHYSICIAN GROUPS DISCLOSED IN THE
HOSPITALS' JULY 22, 2011, SUPPLEMENTAL WRITTEN DISCLOSURE

#	Physician or Physician Group	Arrangement
1	Anesthesia Associates (a/k/a Yellowstone Anesthesia Associates)	HRH Lease Agreement
2	Anesthesia Partners of Montana, PC	Agreement for Anesthesia Services
3	Beeson, M.D., Thomas F.	HRH Lease Agreement
4	Bentzel, M.D., George	Trauma Coverage Agreement
5	Billings Gastrointestinal Associates, PLLC	Lease Agreement
6	Billings Gastrointestinal Associates, PLLC	Management Services and Office Sharing Agreement
7	Billings OB/GYN Associates	Independent Contractor Agreement
8	Bukowski, M.D., Gene	Unwritten Speaker Fee Arrangement
9	Byorth, M.D., Paul	Time-share Office Sublease
10	Dringman, M.D., Eric	Trauma Coverage Agreement
11	Eastern Radiology Associates, PA	Radiology Services Agreement
12	Hatch, M.D., Kathryn	Trauma Coverage Agreement
13	Hematology-Oncology Centers of the Northern Rockies, PC	Medical Services Agreement
14	Kahn, M.D., Frederick	Hospitalist Program Director Agreement
15	Kahn, M.D., Frederick	Medical Director Agreement
16	Kahn, M.D., Frederick, James McMeekin, M.D., Ronald Burman, M.D.	Critical Care Services Agreement
17	King, M.D., Marta	HRH Lease Agreement
18	Klepps, M.D., Steven	Unwritten Services Agreement
19	Lewallen, M.D., Richard	Unwritten Services Agreement
20	Maier, M.D., Dennis	Trauma Coverage Agreement
21	McDowell, M.D., Greg	Unwritten Medical Staff President Stipend
22	McKenzie, M.D., Barry	Trauma Coverage Agreement
23	McMeekin, M.D., James	Medical Director Agreement
24	Montana Urological Services, LLC	Mobile Lithotripsy Services Agreement
25	Murray, M.D., Ronald	Medical Services Agreement
26	Neuhoff, M.D., Douglas	Unwritten Meal Reimbursement Payment
27	Neurology Associates, PLLC	Medical Office Building Sublease Agreement
28	Northern Rockies Neurosurgeons, PLLC	Management Services and Office Sharing Agreement
29	Northern Rockies Neurosurgeons, PLLC	Professional Services Agreement
30	Ortho Montana	Medical Director Agreement
31	Ortho Montana	Medical Services Agreement
32	Outreach Program	St. Vincent's Partial Funding of Physician Travel Expenses
33	Peet, M.D., William	Unwritten Travel Reimbursement Payment
34	Scarborough, M.D., Thomas	Unwritten HRH Lease Arrangement
35	Spanjian, M.D., Kristin	Professional Services Agreement
36	Splitter, M.D., Lawrence	Unwritten HRH Lease Arrangement
37	Surgical Associates, PC	Time-share Office Sublease and Staff Utilization Agreement
38	Surgical Associates, PC	Trauma Services Agreement
39	The Respiratory Center, PLLC	Management Services and Office Sharing Agreement
40	The Respiratory Center, PLLC	Professional Services Agreement
41	Wilson, M.D., John	Unwritten Services Agreement
42	Yellowstone Surgery Center, LLC	Unwritten Supply Arrangement

ATTACHMENT C
OTHER INDEPENDENT PHYSICIANS AND PHYSICIAN GROUPS

#	Physician or Physician Group	Arrangement
1	Ortho Montana	Trauma Call Coverage Agreement
2	Ortho Montana	Part Time Office Lease Agreement (Red Lodge)
3	Ortho Montana	Part Time Office Lease Agreement (Absarokee)
4	Rimrock Podiatry, PLLP	Unwritten Lease Arrangement
5	Surgical Associates, P.C.	Part Time Office Lease Agreement
6	Yellowstone Urology, PLLC	Part Time Office Lease Agreement
7	Neurology Associates, PLLC	Unwritten Lease Arrangement
8	Big Sky OB/GYN	Hospitalist Services Agreement
9	Hematology Oncology Centers of the Northern Rockies, PC	Unwritten Services Arrangement
10	Conference Room Use	Periodically provided conference room space to physicians
11	Daniel C. Brooke, M.D., P.C.	HRH Lease Agreement